



**Trey Judy**  
**Director – Regulatory**

January 27, 2016

**By Electronic Transmission**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, D.C. 20554

***RE: Connect America Fund, WC Docket No. 10-90***

Dear Ms. Dortch:

On January 25, 2016, the undersigned Trey Judy, Director – Regulatory of Hargray Communications Group, Inc., had a phone conversation with Suzanne Yelen of the Wireline Competition Bureau, to discuss issues associated with the above-cited proceedings relating to reform of the FCC's system for providing support to high-cost, rate-of-return local exchange carriers.

They discussed potential changes to high cost universal service support due to the presence of an unsubsidized competitor. Mr. Judy shared that he had been modeling theoretical companies and how their support might change if both costs and customers were removed from support calculations.

Mr. Judy said that while cost characteristics could vary between different carriers; lower cost companies where competition was most prevalent had some common characteristics. These companies would actually receive additional support as competitive lines are removed from support calculations. This is because there is an inherent subsidy between the high and low cost lines of rural carriers.

Mr. Judy also noted that he found a correlation between square miles covered and support. While the curve varied for different cost assumptions, it typically called for higher levels of support for removing the most densely populated square miles and as the area became higher cost and less dense, support stops increasing and begins to decrease. With increasing levels of competition it reaches a point at which support should equal exactly what the carrier is receiving today. After that point, support continues to decline and eventually goes to zero at 100% competitive coverage.

Lastly, Mr. Judy reiterated the importance of retaining recovery mechanisms for prior investments under essentially the same rules as were in place at the time those investment decisions were made.

If you have any questions, please contact the undersigned.

Respectfully submitted,

/s/ Trey Judy  
Trey Judy

cc: Suzanne Yelen